

NINETY-EIGHTH YEAR.

SUNDAY MORNING, OCTOBER 8, 1905.

PRICE FIVE CENTS.

LEWIS'S NOTE SAID  
TO HAVE DISAPPEAREDAttorney General Tells Clayton  
Court Security for \$146,375 Is  
Not in Bank's Assets.

## WOULD SUE THE DIRECTORS.

Hadley May Move for Prosecution  
for Unlawful Conversion—St.  
phens Says Board Ordered  
It Stricken Off.

The famous \$146,375 note that has figured so prominently in the People's United States Bank receivership matter has disappeared from the bank's assets, according to the assertion of Attorney General Hadley to Judge McElhinney in the Clayton circuit court yesterday morning.

The bank officials state that the note was to cover expenses of organization, and the paper may be replaced.

Between the memberships of Judge Seligson, H. Spencer and Fred Rosen, the directors of the bank, declared the Attorney General, out of the goodness of their hearts, gave the note to H. G. Lewis, who executed it.

Mr. Hadley said his statement was made on the authority of Senator A. E. L. Gardner, H. G. Lewis's attorney, who replied in that manner to a request for information concerning the note.

An affidavit in the effect was filed by John H. Swenson, Secretary of State.

W. W. Thompson and C. A. Atkinson signed the note with Lewis. Mr. Hadley's purpose in stating the St. Louis County seat yesterday was to argue his motion to direct Receiver Rosen to sue the bank directors for an alleged unlawful conversion of bank assets.

Hadley, the Attorney General said, he would reserve for future consideration a motion to direct Receiver Rosen to sue the bank directors for an alleged unlawful conversion of bank assets.

**DISTRIBUTION OF ASSETS.**  
Senator Gardner and Judge Klein, Rosen's attorneys, were in court to present their motion for an order on the receiver to notify the stockholders that their claims must be presented between the first Monday in December, 1905, and the first Monday in March, 1906, if they desired to participate in the distribution of the assets of the estate.

General Hadley thought the idea a good one, but suggested that the stockholders be notified to file their claims even before that. He also suggested that the receiver be ordered to have the assignments declared null and void and the receiver instructed not to recognize them.

Judge McElhinney took the suggestions under advisement.

**SAVE NOTE CAN BE REPLACED.**  
Former Governor Lon V. Stephens, one of the directors of the bank, in discussing the matter in court, said the note was not a lost note, but a note that had been stolen.

"If General Hadley had been a banker he would not have made quite so broad a statement."

"After the first proof was discharged we employed Mr. James Hayward to audit the accounts of the bank, and this matter, among others, was taken up. He found that the amount represented the expenses of the promotion of the bank. Records were on file for every cent that was spent in getting together the \$200,000."

"Thousands of dollars were spent in postage alone, for Lewis sent out letters almost by the carload. Then there was the printing, such as bank books, pass books, checks, certificates of deposit and so forth. In addition, the advertising and attorney's fees amounted to a large sum."

"The note was not a legitimate asset, and for that reason, the board ordered it stricken off. If, however, it has been improperly charged off, it can be replaced, as, as far as I know, it has not been destroyed."

E. G. Lewis is at present out of the country, but is expected to return today.

## INHERITANCE TAX IS LARGE.

Revenue to Illinois From Cook  
County Is \$490,184.**REPUBLICAN SPECIAL.**

Springfield, Ill., Oct. 7.—Attorney General Shaw today received the report of M. W. Pinkney of Chicago, inheritance tax collector for Cook county, to which position he was appointed last March.

The report shows that since his appointment Mr. Pinkney has collected a total of \$490,184 and has one case pending in the Supreme Court which will add about \$500 to this amount.

In his last report to Attorney General Hamilton, E. M. Adams, who preceded Mr. Pinkney in this office, estimated the rate of inheritance tax collections in Cook County at \$500,000 a year, and suggested some reform in the method of making collections.

The matter of putting these reforms into execution was let to Mr. Pinkney, and he has succeeded in nearly doubling the total of collections.

## FOOTBALL PLAYER MAY DIE.

Injuries to Swarthmore Collegian  
Expected to Prove Fatal.

Philadelphia, Pa., Oct. 7.—Fugate of Swarthmore, Ind., a student at Swarthmore College, is in the University Hospital seriously injured as the result of football practice.

The physicians have little hope of his recovery. He is suffering from hemorrhage of the brain.

## VENEZUELA PURCHASES ARMS.

Forty-two Batteries Ordered  
From French Works.

Caracas, Venezuela, Oct. 7.—The Venezuelan Government has ordered from the French works, France, twelve batteries of field artillery and twelve batteries of mountain guns of seventy millimeters caliber.

MISSOURI INSURANCE COMMISSION NOTifies PRESIDENT M'CALL  
HE MUST REFUND CAMPAIGN MONEY OR QUIT BUSINESS IN STATEM'CURDY TELLS UNEXPECTED  
THINGS ABOUT THE MUTUALRICHARD M'CURDY,  
President of the Mutual Life Insurance Company. His son and son-in-law have received in personal emoluments from the company more than \$250,000.FOLK INVITED TO  
AID POLICY HOLDERSLawson of Boston Asks Missouri  
Governor to Serve on Com-  
mittee.

## TO HAVE FUNDS RETURNED.

Missouri Executive Declines to  
Take Up Responsibility and  
Explains His Rea-  
sons.M'CALL HAS NOTHING  
TO SAY TO VANDIVER.

New York, Oct. 7.—A dispatch containing the substance of Superintendent of Insurance Vandiver's message to President John A. McCall of the New York Life Insurance Company was shown to Mr. McCall today, and he was asked if he would make public any reply to it. He replied: "I have nothing to say."

Boston, Oct. 7.—The telegram received by Governor Folk of Missouri from Thomas W. Lawson of Boston was sent by Mr. Lawson in connection with a movement to form a committee, including the Governors of several States, and other persons of prominence, to secure restitution of funds alleged to have been wrongfully used by large insurance company officials and the punishment of those guilty of criminal action in connection therewith.

Mr. Lawson's telegram follows:

"Will you, with other Governors and strongest representative men of the country, serve on a Policy Holders' Protective Committee of Equitable, New York Life and Mutual companies. Committee authorized, except it is to take possession of New York and Mutual and select directors and controllers who shall be pledged to obtain full restitution and full punishment of wrongdoers, also obtain restitution and punishment of Equitable wrongdoers. No expense to committee nor need committee travel. Committee to represent no faction, and obligated to do no except policy holders. It has been decided upon policy holders' section in this sacred duty. Kindly write answer, my expense. This is vital. You will not be bound until other members' names shall be submitted to you."

The telegram was sent yesterday. Mr. Lawson today declined to discuss the proposition. He said the telegram outlined the plan sufficiently for present purposes. He also declined to make known the names of the persons to whom the telegram had been directed, although he said that many Governors, as well as leading citizens, were among those addressed.

It was his purpose, he said, as soon as possible to announce the names of those who had accepted the invitation to act upon the Protective Committee.

As soon as the personnel of the committee was decided, he said, organization would be effected and a definite plan of action adopted.

**Governor Folk Refuses  
Lawson's Invitation.**

Jefferson City, Mo., Oct. 7.—Governor Folk says he cannot accept Lawson's invitation to serve on the Committee of Governors in the insurance disclosures.

The Governor wired Mr. Lawson, saying he appreciated the invitation, but his official duties would not permit him to engage actively in such a committee, and that he could not accept without knowing more about what was to be done and what other Governors would be on the committee.

**AMERICAN INSURANCE  
SCANDALS STIR ENGLAND.**

London, Oct. 7.—The disclosures of the methods employed by the inner ring of the three great New York insurance companies are only gradually claiming public attention here.

The original scandal between Messrs. Alexander and Hyde on the Equitable Board had been fully described in the press, though with a tendency of first to be reserved in comment, but the daily dispatches reflecting the evidence of Messrs. McCall, Perkins, Winthrop and others arouse an unfavorable criticism on all sides, which must come near to wrecking the connection of these three companies in this country.

The statement that the main assets and insurance funds are intact is reassuring to our public, because general opinion was inclined to fear that the low standard of honor in fiduciary matters probably was only a cloak to fraud and speculation. Besides the plain man hates to hear of books being altered. Under these circumstances, he is not charitable in ascribing motives.

**MINNESOTA GOVERNOR  
WILL SERVE ON COMMITTEE.**

St. Paul, Minn., Oct. 7.—Governor Johnson is in receipt of a telegram from Thomas W. Lawson, asking him to be one of the three great New York insurance companies are only gradually claiming public attention here.

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VANDIVER ISSUES  
AN ULTIMATUM  
TO NEW YORK LIFEConsiders Contributions for  
Political Purposes a Viola-  
tion of a Trust if Not an  
Embezzlement.

## MONTH ALLOWED FOR ACTION.

Vandiver Notifies President of  
New York Life That Funds  
Contributed to Republicans  
Must Be Restored.

## LICENSE MAY BE REVOKED.

Such Action Threatened Unless  
Restitution to Policy Holders  
Is Made—Missouri Depart-  
ment Also Insists on Res-  
toration of President  
and Vice-President  
of Company.

## REPUBLICAN SPECIAL.

Jefferson City, Mo., Oct. 7.—Commissioner Vandiver gave out the following communication to John A. McCall, president of the New York Life, today:

"Jefferson City, Mo., Oct. 7.—Mr. J. A. McCall, President New York Life Insurance Company: Dear Sir—The recent startling disclosures in regard to the management of the funds of New York Life Insurance Company and particularly the testimony of yourself and of other officers of the company given before the investigating committee of the New York Legislature, makes it my duty as Superintendent of Insurance for the State of Missouri to communicate to your company the views and requirements of this department, to the end that the policy holders in this State may not be defrauded of any portion of the dividends or surplus earnings that are justly due them on the premiums they have paid."

"The public has been very properly taught by yourself and other officials of great insurance companies that the funds of a mutual company constitute a fiduciary trust, held and administered for the sole use of those named as beneficiaries, many of whom are widows and orphans, and many thousands of people have taken insurance in your company because of this very fact, and the assurance that every dollar of its assets belongs to the policy holders."

"That any portion of the policy holders' premiums or profits on premiums should be diverted to political purposes or other uses not contemplated when the premiums were paid, and not consistent with the avowed purpose of a life insurance organization, must be considered by all right-thinking people as a gross violation of a trust, if not embezzlement, as defined by the statutes."

"This department holds, therefore, that all moneys taken by your order from the treasury of the New York Life Insurance Company, and donated to any political campaign committee or to any legislative agent or lobbyist for aiding or defeating legislation, whether audited or unaudited, and the books of the company, were taken without warrant of law or morals, and without proper appreciation of your responsibility as the trustee of funds committed to your keeping."

"And, therefore, this department insists that all funds so used by you, or by your order, and particularly the sum of \$100,000, which amount you confess to having contributed out of the funds of the company to the Republican National Campaign Committee for the years 1904, 1905 and 1906, must be replaced in the treasury of said New York Life Insurance Company within the next thirty days."

"Notice is hereby served upon the New York Life Insurance Company, through its president, that, unless this requirement is met, or assurance given that it will be met without unnecessary delay, I, as Superintendent of Insurance of Missouri, will proceed under the provisions of section 3622, Revised Statutes of Missouri, to cancel or revoke the license of the company to do business in this State."

"There are many other transactions disclosed by the investigation now in progress, particularly the payments of large sums of money to one Judge Hamilton without any accounting or auditing on the books of the company and the occupancy of costly real estate of the company by members of your family at rental so low as to be practically a gift of the property, and also the protection of a household of members of the company from the loss of many thousands of dollars by the use of policy holders' money, as well as the immense and disproportionate expense of the company in its mad rush for new business, all of which indicate the grossest impropriety and recklessness in management, and may call for further investigation and official action."

"But from the facts already disclosed, it is evident that the interests of the policy holders of the New York Life Insurance Company, as well as of the public generally, demand a change in the management of the company. This department, therefore, insists that the president and vice president and Finance Committee be put in charge of the affairs of the company as soon as its Board of Directors may be able to effect the change."

"Sixth—That since 1899 the New York Life has paid to Hamilton \$150,000 for 'legislative purposes,' and considerable sums to others, bringing the grand total up to \$200,000. Bills for Hamilton's services during the present year are expected to total \$25,000. This is bribery."

"Seventh—That the New York Life has been a 'yellow dog' fund for the payment of political contributions and other secret expenditures, the purposes of which are not entered upon the books of the company. This is bribery."

"Eighth—That the money constituting this fund comes from the so-called 'non-leader assets'—that is, securities not carried upon the regular books of the company, but upon sheets, and not mentioned in the annual reports. This is a violation of the insurance law."

"Ninth—That President McCall has the right of ordering the payment of the sums as high as \$100,000 without the authorization of the Finance Committee, or any other body of men in the company. This is a violation of the insurance law."

"Tenth—That Perkins, acting for the New York Life, sold to Perkins, acting for J. P. Morgan & Co., \$500,000 of internal mercantile marine bonds on December 21, 1904, and on January 2, the next business day, he sold them back, thereby changing the face of the report of the New York Life. This is a violation of the insurance law."

"Eleventh—That checks for the Republican Campaign Committee in 1904 were made payable to J. P. Morgan & Co. by the New York Life and not to Cornelius N. Hiles, treasurer of the Campaign Committee. This was the cost of an illegal transaction."

**M'CURDY'S FAULTS.**  
Robert E. McCurdy, superintendent of foreign department of the Mutual Life Insurance Company, has been called to the attention of the Missouri Legislature by the disclosures of the New York Life Insurance Company.

First—That he received as commissions on every policy of insurance written for the company in Europe, Asia, Australia and Africa, an aggregate of \$1,250,000. This was diversion of profits.

Second—That since 1898 he has drawn out of the treasury of the company in salaries and commissions a total of \$1,850,000. This was excessive, according to his own admissions.

Third—That Louis A. Thebaud, son-in-law of President Richard A. McCurdy, received as commissions on New York and States Island insurance since 1902, up to 1904, a total of \$25,000, and his commissions this year will total nearly \$5,000. This parallels the case of young McCurdy, and was a flagrant instance of nepotism.

Fourth—That the firm of Raymond & Co., to which young McCurdy and Thebaud belonged, receiving one-fourth of the profits—received enormous commissions from the company, and was given control of the business within the Metropolitan district. This is misuse of trust funds.

**THUMMEL'S WRONGS.**  
Warren P. Thummel, legislative agent of the Mutual Life Insurance Company:

First—That he performed for the Mutual Life Insurance Company the services of a "Judge" Hamilton, performing for the New York Life, Equitable and Mutual. This is influencing legislation.

Second—That he paid to Congressman Baker, chairman of the Republican Congressional Campaign Committee, \$2,500 to prevent the election of a Democratic House last autumn. This is a misappropriation of trust funds.

Third—That the three big companies, Equitable, New York and Mutual, have divided the country into sections for the purpose of influencing and controlling legislation and taxation. This is corruption of public officials.

D. P. Kingley, vice president of the New York Life, and son-in-law of President McCall:

First—That the New York Life juggled its accounts to make a fine showing in its annual reports. This is called "window dressing," and has been called by the

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An epitome of actual crimes indictable and punishable by fine and imprisonment, as well as the moral offenses which the law does not reach, committed in the name of life insurance, and revealed by the confessions under oath of the high officials of these companies before the Legislative Insurance Committee, is here presented.

The men who have made the confessions and admissions by which the most colossal financial scandals in American business history are uncovered, are: John A. McCall, president of the New York Life Insurance Company; George W. Perkins, president of the Equitable; and Robert E. McCurdy, son of Richard H. McCurdy, president of the Mutual Life; Jacob H. Schiff, a director of the Equitable; John C. McCall, secretary of the New York Life; and son of its president, Frederick Cromwell, treasurer of the Mutual, and a number of others equally prominent.

Among the transactions which have no legal or moral countenance are:

Diversion of profits, which should have gone to policy holders, corruption of Legislatures to prevent enactment of unfavorable legislation, and the payment of a corporation for contributions to Republican campaign funds, participation in syndicate deals, by which profits which should have accrued to the companies were directed, and flagrant instances of nepotism by which millions have gone into the pockets of men at the heads of the big concerns.

**M'CALL'S CONFESSION.**  
Here are the facts which these high financiers and noted administrators of vast organizations have confessed under oath:

John A. McCall, president of the New York Life Insurance Company:

First—That the public statements of the New York Life are false. It is a crime for a life insurance company to issue false statements.

Second—That "Judge" Andrew Hamilton was retained as the companies' representative at Albany, and that money was expended to prevent the passage of unfavorable legislation. It is a crime to corrupt a Legislature.

Third—That the books of accounts of the New York Life were "cooked." The falsification of the account of a life insurance company is a crime.

Fourth—That the money of the policy holders was taken to pay the cost of obtaining new policies. Larceny is a crime.

Fifth—That contributions aggregating \$150,000 were paid to the Republican National campaign funds for the last three presidential elections, without authorization of policy holders, the majority of whom are Democrats. This is a misappropriation of trust funds.

Sixth—That since 1899 the New York Life has paid to Hamilton \$150,000 for "legislative purposes," and considerable sums to others, bringing the grand total up to \$200,000. Bills for Hamilton's services during the present year are expected to total \$25,000. This is bribery.

Seventh—That the New York Life has been a "yellow dog" fund for the payment of political contributions and other secret expenditures, the purposes of which are not entered upon the books of the company. This is bribery.

Eighth—That the money constituting this fund comes from the so-called "non-leader assets"—that is, securities not carried upon the regular books of the company, but upon sheets, and not mentioned in the annual reports. This is a violation of the insurance law.

Ninth—That President McCall has the right of ordering the payment of the sums as high as \$100,000 without the authorization of the Finance Committee, or any other body of men in the company. This is a violation of the insurance law.

Tenth—That Perkins, acting for the New York Life, sold to Perkins, acting for J. P. Morgan & Co., \$500,000 of internal mercantile marine bonds on December 21, 1904, and on January 2, the next business day, he sold them back, thereby changing the face of the report of the New York Life. This is a violation of the insurance law.

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JAMES HAZEN HYDE,  
ice president of the Equitable Insurance Company, whose famous banquet led to a fight for the control of the company and started the subsequent revelations.LIFE INSURANCE OFFICIALS  
CONFESS TO OFFENSES FOR  
WHICH THEY MAY BE INDICTEDTestimony Brought Out at Hearings of Legislature's Investigators  
Appears to Warrant Action on Criminal Charges Against Officials of Three Leading Companies—Corruption of Legislators, Misuse of Money, Maintenance of Boodle Fund, Participation in Syndicate Deals and Nepotism Among Wrongs.

## SUMMARY OF CONFESSIONS OF THE MAIN WITNESSES.

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DAN PATCH SETS  
NEW WORLD'S MARK  
FOR PACING MILESon of Joe Patchen Negotiates  
Distance Over Historic  
Lexington Track in  
1:55 1-4.

PREVIOUS RECORD WAS 1:56.

Preceded by Runner, to Whose  
Sulkey Was Attached Only a  
Dust Shield; Strong at Fin-  
ish as at Start.